

Federal Reserve System

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(d) Unless the context indicates otherwise, *bank* shall be construed to mean a *State member bank*, and *complaint* to mean a *consumer complaint*.

[Reg. AA, 41 FR 44362, Oct. 8, 1976]

§ 227.2 Consumer complaint procedure.

(a) *Submission of complaints.* (1) Any consumer having a complaint regarding a State member bank is invited to submit it to the Federal Reserve System. The complaint should be submitted in writing, if possible, and should include the following information:

(i) A description of the act or practice that is thought to be unfair or deceptive, or in violation of existing law or regulation, including all relevant facts;

(ii) The name and address of the bank that is the subject of the complaint; and

(iii) The name and address of the complainant.

(2) Consumer complaints should be made to:

(i) The Director, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551; or

(ii) The Federal Reserve Bank of the District in which the bank is located. The addresses of the Federal Reserve Banks are as follows:

Federal Reserve Bank of Boston, 30 Pearl Street, Boston, MA 02106.

Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

Federal Reserve Bank of Philadelphia, 100 North 6th Street, Philadelphia, PA 19105.

Federal Reserve Bank of Cleveland, 1455 East Sixth Street, Cleveland, OH 44101.

Federal Reserve Bank of Richmond, 100 North Ninth Street, Richmond, VA 23261.

Federal Reserve Bank of Chicago, 230 South La Salle Street, Chicago, IL 60690.

Federal Reserve Bank of St. Louis, 411 Locust Street, St. Louis, MO 63166.

Federal Reserve Bank of Minneapolis, 250 Marquette Street, Minneapolis, MN 55480.

Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.

Federal Reserve Bank of Dallas, 400 South Akard Street, Dallas, TX 75222.

Federal Reserve Bank of Atlanta, 104 Marietta Street NW., Atlanta, GA 30303.

Federal Reserve Bank of San Francisco, 400 Sansome Street, San Francisco, CA 94120.

(b) *Response to complaints.* Within 15 business days of receipt of a written complaint by the Board or a Federal Reserve Bank, a substantive response or an acknowledgment setting a reasonable time for a substantive response will be sent to the individual making the complaint.

(c) *Referrals to other agencies.* Complaints received by the Board or a Federal Reserve Bank regarding an act or practice of an institution other than a State member bank will be forwarded to the Federal agency having jurisdiction over that institution.

[Reg. AA, 41 FR 44362, Oct. 8, 1976, as amended at 42 FR 2950, Jan. 14, 1977]

Subpart B—Credit Practices Rule

AUTHORITY: 15 U.S.C. 57a.

SOURCE: Reg. AA, 50 FR 16697, Apr. 29, 1985, unless otherwise noted.

§ 227.11 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued by the Board under section 18(f) of the Federal Trade Commission Act, 15 U.S.C. 57a(f) (section 202(a) of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act, Pub. L. 93-637).

(b) *Purpose.* Unfair or deceptive acts or practices in or affecting commerce are unlawful under section 5(a)(1) of the Federal Trade Commission Act, 15 U.S.C. 45(a)(1). This subpart defines unfair or deceptive acts or practices of banks in connection with extensions of credit to consumers.

(c) *Scope.* This subpart applies to all banks and their subsidiaries, except savings banks that are members of the Federal Home Loan Bank System. Compliance is to be enforced by:

(1) The Comptroller of the Currency, in the case of national banks, banks operating under the code of laws for the District of Columbia, and federal branches and federal agencies of foreign banks;

(2) The Board of Governors of the Federal Reserve System, in the case of banks that are members of the Federal Reserve System (other than banks referred to in paragraph (c)(1) of this section), branches and agencies of foreign banks (other than federal branches,

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federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act; and

(3) The Federal Deposit Insurance Corporation, in the case of banks insured by the Federal Deposit Insurance Corporation (other than banks referred to in paragraphs (c)(1) and (c)(2) of this section), and insured state branches of foreign banks.

(d) The terms used in paragraph (c) of this section that are not defined in the Federal Trade Commission Act or in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

[Reg. AA, 50 FR 16697, Apr. 29, 1985, as amended at 57 FR 20401, May 13, 1992]

§ 227.12 Definitions.

For the purposes of this subpart, the following definitions apply:

(a) *Consumer* means a natural person who seeks or acquires goods, services, or money for personal, family, or household use other than for the purchase of real property.

(b)(1) *Cosigner* means a natural person who assumes liability for the obligation of a consumer without receiving goods, services, or money in return for the obligation, or, in the case of an open-end credit obligation, without receiving the contractual right to obtain extensions of credit under the account.

(2) *Cosigner* includes any person whose signature is requested as a condition to granting credit to a consumer, or as a condition for forbearance on collection of a consumer's obligation that is in default. The term does not include a spouse whose signature is required on a credit obligation to perfect a security interest pursuant to state law.

(3) A person who meets the definition in this paragraph is a *cosigner*, whether or not the person is designated as such on the credit obligation.

(c) *Earnings* means compensation paid or payable to an individual or for the individual's account for personal services rendered or to be rendered by the individual, whether denominated as

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wages, salary, commission, bonus, or otherwise, including periodic payments pursuant to a pension, retirement, or disability program.

(d) *Household goods* means clothing, furniture, appliances, linens, china, crockery, kitchenware, and personal effects of the consumer and the consumer's dependents. The term *household goods* does not include:

(1) Works of art;

(2) Electronic entertainment equipment (other than one television and one radio);

(3) Items acquired as antiques; that is, items over one hundred years of age, including such items that have been repaired or renovated without changing their original form or character; and

(4) Jewelry (other than wedding rings).

(e) *Obligation* means an agreement between a consumer and a creditor.

(f) *Person* means an individual, corporation, or other business organization.

§ 227.13 Unfair credit contract provisions.

It is an unfair act or practice for a bank to enter into a consumer credit obligation that contains, or to enforce in a consumer credit obligation purchased by the bank, any of the following provisions:

(a) *Confession of judgment*. A cognovit or confession of judgment (for purposes other than executory process in the State of Louisiana), warrant of attorney, or other waiver of the right of notice and the opportunity to be heard in the event of suit or process thereon.

(b) *Waiver of exemption*. An executory waiver or a limitation of exemption from attachment, execution, or other process on real or personal property held, owned by, or due to the consumer, unless the waiver applies solely to property subject to a security interest executed in connection with the obligation.

(c) *Assignment of wages*. An assignment of wages or other earnings unless:

(1) The assignment by its terms is revocable at the will of the debtor;

(2) The assignment is a payroll deduction plan or preauthorized payment plan, commencing at the time of the